GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:3041
ANSWERED ON:20.03.2008
FISCAL INCENTIVES TO FOOD PROCESSING INDUSTRIES
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the demand and growth potential of processed food both for domestic market and exports;

(b) the number of mega food parks already set up and plans for more such parks;

(c) the fiscal incentives including tax holiday and subsidies provided to encourage private sector to set up food processing zones;

(d) whether the Government proposes to encourage and invite private sector as part of the plan to give big boost to organized retail by making available, subsidy for the development of large format food parks; and

(e) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (I/C) (SHRI SUBODH KANT SAHAI)

(a): According to a study commissioned by the Government, consumption of food in 2003-04 has been estimated at Rs.4,60,000 crores and share of primary processed food including packaged fruits & vegetables, packed milk etc is estimated at Rs.2,80,000 crores. According to industry estimates, processed food market accounts for 32 percent of the total food market. Food Processing industries has been growing at a rate of 13.14 percent and has the potential to achieve double digit growth. The export of processed foods has also withnessed quantum jump from Rs.5192 crores in 2003-04 to Rs,10201 crores in 2006-07. India has large raw-material base for varieties of food products. The economy is growing at a healthy pace. There is a rapidly growing middle class, urbanization, changing lifestyle, increasing income levels, growth of organised retailing driving the demand of processed food. These and the conveniences and advantages offered by processed foods is expected to further boost the growth of processed foods market in the country. Food lovers around the globe want to try ethnic foods from different parts of the world and make it an integral part of their daily diet. India, with its strong agricultural base and varieties of products is well placed to take advantage to further increase its global share in food trade.

(b): No Mega Food Park has been set up yet.

(c): The details of budgetary incentives available for the food processing sector is at Annexure.

(d) to (e): In the 11 Plan, the Ministry proposes to implement a revamped Scheme for Infrastructure Development under which, it will give financial assistance in the form of grant for setting up of Mega Food Parks, cold chain infrastructure, value added centres and packaging centres preferably in the PPP Model. The Mega Food Park Scheme will provide backward and forward linkages as well as reliable and sustainable supply chain. The Cluster based demand driven approach will provide linkages from farm to market with linkages from local to regional level through Primary Processing Centres, Collection Centres, Strategic Distribution Centre-cum-Cold Chain at critical locations having Controlled Atmosphere storage and distribution centres where large quantities can be stored and supplied to distribution centres for fresh sale and to processing industries for processing. The emphasis will be on building strong linkages with agriculture and horticulture, enhancing project implementation capabilities, increased involvement of private sector investments and support for creation of rural infrastructure to ensure a steady supply of good quality agri horticulture produce.